

Message Text

CONFIDENTIAL

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43

ACTION ARA-10

INFO OCT-01 ADP-00 EB-05 SSO-00 /016 W

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O 241621 Z MAY 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 5625

C O N F I D E N T I A L LIMA 3467

FOR ARA/ LA/ EP - FRECHETTE

E. O. 11652: GDS

TAGS: BDIS, EIND, PE

SUBJECT: CERRO CORPORATION

1. REQUEST FOLLOWING MESSAGE FROM PHILLIP WALSH BE PASSED TO CERRO PRESIDENT C. G. MURPHY, CERRO CORPORATION, 300 PARK AVENUE, NEW YORK, TEL. 212-688-8822.

2. " MET GENERAL GALLEGOS 23 RD AFTER DIRECT APPROACH WITHOUT REFERENCE TO THIRD PARTIES.

3. " I REVIEWED HISTORY OF DISCUSSIONS AND THEN DISCUSSED AT LENGTH VALUATIONS OF AMERICAN APPRAISAL AND VMQ AND OUR PRICE. HE SHOWED LESS THAN INTENSE INTEREST BUT UPON MY OFFERING SAID HE WOULD LIKE WRITTEN SUMMATION OF THE COMPARISON WHICH I STATED WAS AVAILABLE AND WILL DELIVER 24 TH WITH COPY TO VMQ.

4. " UPON MY DESCRIPTION OF OVERALL STATUS HE SAID HE KNEW OF NO DECISION TO BUY 100 PERCENT OF C DE P AND I CLARIFIED THAT MY UNDERSTANDING WAS COMMISSION HAS BEEN AUTHORIZED BY CABINET TO NEGOTIATE TO BUY 100 PERCENT SUBJECT TO CABINET APPROVAL.

5. " MUCH CRITICAL DISCUSSION BY HIM OF HOUSING AND COMMENTS RE SOCIAL RESPONSIBILITIES AND DISCUSSION BY ME THAT SAME SHOULD NOT AFFECT A PRICE DERIVED BY DISCOUNTED CASH FLOW METHOD. I ALSO ASSERTED THAT MOST OF OUR SOCIAL INSTALLATIONS AND ACTIVITIES ARE FIRST CLASS.

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6. " HE STATED HE UNDERSTOOD WE HAD SUBMITTED YET A NEW OFFER AFTER 100 PERCENT AND 50 PERCENT AND I REPLIED NEGATIVE BUT WE ARE FLEXIBLE AS TO PERCENTAGE AND WOULD LIKE TO STAY IN.

7. " HE OPINED THAT ONE REASON WHY STATE SHOULD ACQUIRE 100 PERCENT WAS THAT OTHERWISE WE COULD NOT FINANCE THE MAJOR INVESTMENT WITHOUT STATE GUARANTEE SO THEY MIGHT AS WELL OWN IT. I DISAGREED TO EXTENT THAT IF POLITICAL PROBLEM WERE SOLVED BY A MIXED COMPANY IT SHOULD BE FINANCEABLE COMMERCIALY. HE SAID HE UNDERSTOOD THE BIG INVESTMENT IS NEEDED TO REPAIR A RUN- DOWN PLANT AND I DISAGREED CITING \$99 MILLION ADDITIONAL EXPORTS ETC. AND ASSERTING THIS IS THE MOST ATTRACTIVE MAJOR INVESTMENT ON THE PERUVIAN PLATE TODAY WITH QUICKEST BENEFITS.

8. " HE STATED HE SEES PRESIDENT ALMOST DAILY AND WELCOMES THIS OPPORTUNITY TO BECOME BETTER INFORMED FOR OCCASIONS WHEN THIS MATTER IS DISCUSSED. ALSO INVITED ME TO STAY IN TOUCH WITH HIM.

9. " HE IS INTELLIGENT AND SIMPATICO AND CONVERSATION FLOWED EASILY BUT HE AND DOUBTLESS OTHERS HAVE CERTAINLY BEEN MISINFORMED SO I HAVE MUCH MISSIONARY WORK TO DO BUT AT LEAST NOW OUTSIDE MINISTERIAL CONFINES."
BELCHER

NOTE BY OC/ T: NOT PASSED ABOVE ADDRESSEE.

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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